

IOWA FINANCE AUTHORITY BOARD MEETING MINUTES

**Iowa Hospital Association Education Center
February 2, 2005**

BOARD MEMBERS PRESENT

Vincent Lintz, Chair
Kay Anderson, Vice Chair
Carmela Brown, Treasurer
Steve Adams (via telephone)

Virginia Bordwell (via telephone)
Roger Caudron
Heather Kramer
Douglas Walter
Dick Wright

STAFF MEMBERS PRESENT

Michael Tramontina, Executive Director
Lisa Braunschweig, Single Family Marketing
Specialist
Roger Brown, Director of HUD Programs,
Section 8 Contract Administration
Mickey Carlson, Single Family Program
Manager
Donna Davis, Deputy Director, Director of
Housing Programs
Dennis Dietz, Director, Policy and
Governmental Affairs
Leo Duffy, Construction Analyst
Monica Fischer, Public Information Officer
Alyson Fleming, Administrative Assistant
Judith Hartman, Single Family Marketing
Specialist
Steven Harvey, Comptroller

Craig Johnson, Financial Analyst/Underwriter
Jenny Knust, Affordable Assisted Living
Coordinator
Bret Mills, Chief Financial Officer
Tim Morlan, Underwriter
Sharon Murphy, Housing Specialist
HAF/HIRE
Lloyd Ogle, Director, Title Guaranty Division
Alex Orozco, Single Family Marketing Specialist
Carla Pope, Service Enriched Housing Director
Karen Rasmussen, Single Family Marketing
Specialist
Tracy Scebold, Housing Allocation Manager
James Smith, General Counsel
Tim Waddell, Tax Credit Manager
Nancy Wallis, Administrative Assistant
Vicky Winter-Clearman, Legal Secretary

OTHERS PRESENT

Kristi Boyce – Wells Fargo Bank Iowa, NA
Jim Cain – Iowa Coalition for Housing and
The Homeless
Al Collet - IDED
Jim Conlin – Conlin Properties
Joni DeVries – Wells Fargo Bank Iowa, NA
Denise Essman – Essman Associates
Dan Garrett – Iowa Equity Fund
Darla Giese – Dorsey & Whitney Law Firm
David Grossklaus – Dorsey & Whitney Law
Firm

Jon Hrabec – Iowa Equity Fund
Nicole Jones – State Treasurer's Office
Sheila Lumley – Polk County Housing Trust
Fund
Joe O'Hern – Fannie Mae, Iowa Partnership
Office
Bruce Ray – Dept. of Housing and Urban
Deb Stearns – Essman Associates
Terry Vestal - IDED

CALL TO ORDER

Chair Lintz called to order the February 2, 2005 meeting of the Iowa Finance Authority (IFA) Board of Directors at 10:57 a.m. Roll call was taken and a quorum was established with the following members present: Lintz, Anderson, Brown, Adams, Bordwell, Caudron, Kramer, and Walter and Wright.

REVIEW AND APPROVAL OF MINUTES

January 5, 2005

Chair Lintz introduced the minutes of the January 5, 2005 meeting of the Iowa Finance Authority Board of Directors.

MOTION: On a motion by Mr. Walter and a second by Ms. Anderson, the Board unanimously approved the minutes of the January 5, 2005 meeting.

ADMINISTRATION/MANAGEMENT REPORT

Summary & Overview

Mr. Tramontina announced his departure from the Authority with February 4, 2005 his final day. He stated Ms. Donna Davis will assume the responsibilities of Interim Executive Director on Monday, February 7, 2005.

Administrative Services Report

In the absence of Ms. Noland, Mr. Tramontina referred to the handout included in the Board materials.

Introduction of New Employees

Ms. Davis introduced Mr. Alex Orozco, Bilingual Single Family Marketing Specialist. Mr. Orozco gave a brief background of his education and employment.

Ms. Davis introduced Ms. Jenny Knust, recently hired as Assisted Living Coordinator. Ms. Knust gave a brief background of her education and employment.

LEGAL / REGULATORY

Mr. Smith announced a resolution will be drafted naming Ms. Davis as Interim Executive Director and a brief telephonic Board meeting will be held on Friday morning at 9:00 am for Board approval of the resolution. He said the resolution will cover the departure of Mr. Tramontina as Executive Director and the transition of Ms. Davis as Interim Executive Director of the Authority.

Final Action Re: 265IAC Chapter 22; Iowa Aftercare Services Rent Subsidy Program

Mr. Smith introduced the resolution for the final action on 265IAC Chapter 22; Iowa Aftercare Services Rent Subsidy Program. He stated the resolution is for approval of the rules in final form.

Mr. Adams inquired as to the eligibility of the program's youth and how long a youth could remain a participant and remain in the program.

Ms. Pope stated a youth could remain in the program until the funds are depleted or the youth is 21 years of age.

Mr. Adams inquired as to the rationale of rule 265.22.7 which addresses the removal of youth from the program when adequate funding for the program is not available.

Ms. Pope said the section specifies the last participant in the program would be the first participant removed from the program. She said the process is similar to that in the HCBS rent subsidy program.

Mr. Adams suggested those youth in the greatest need for the program would be those most recently added to the program and not those who had benefited from the program for a period of time.

Ms. Pope said it is difficult to determine which youth who would have the most significant need for the program.

Mr. Tramontina suggested the language is equitable and not arbitrary.

Mr. Caudron inquired if the intention of the program is to assist a set number of youth or provide a minimal amount of assistance to a larger number of youth.

Ms. Pope said the intention of the program is to provide a transition to another form of rent subsidy. She stated this would be determined by where the youth resides in the state as many communities have longer waiting lists than others for Section 8 rent subsidies. Ms. Pope said the training offered by the program is incidental as the main purpose of the program is the rent subsidy.

A general discussion followed regarding the rules review process and the review of the rules by individuals familiar with the program from the Department of Human Services, who had no suggestions or comments.

Mr. Caudron inquired of Mr. Adams if he would like to see changes made to the rules.

Mr. Adams stated in the negative.

MOTION: Ms. Bordwell made a motion to approve the final action re: 265IAC Chapter 22; Iowa Aftercare Rent Subsidy Program. On a second by Mr. Wright, the Board unanimously approved the final action re: 265IAC Chapter 22; Iowa Aftercare Services Rent Subsidy Program.

Mr. Wright inquired as to the letter in the Board materials sent by Mr. Caudron to Mr. Tramontina.

Mr. Tramontina stated for purposes related to the mission of the Authority, a contribution of \$500 was made to the New Markets Tax Credits training.

FINANCE AND ACCOUNTING

Finance Update

Mr. Mills referred to the quarterly update included with the Board packets.

Mr. Harvey said for the first time assets of the Authority were \$1.4 billion which is a milestone. He said assets will drop below that level in January due to bond redemptions but are projected to be above that amount again by the end of the year.

Mr. Mills referred to the blue bound handouts distributed to those Board members present in person. He briefly discussed the five year statistical summary of operations of fiscal year 2000 through and including fiscal year 2004.

COMMUNITY / ECONOMIC DEVELOPMENT /STATE REVOLVING FUND (SRF) PROGRAM

In the absence of Ms. Lori Beary, Mr. James Smith made the Community/Economic Development report to the Board.

Economic Development Loan Program

ED. Loan #04-21, M.H. Eby, Inc. Project

Mr. Smith asked the Authority to hold a public hearing at 10:45 a.m. regarding the issuance of an amount not to exceed \$2,525,000 in Iowa Finance Authority Economic Development Revenue Bonds for the M.H. Eby, Inc. Project in Story City. He said the bonds will be used to acquire, construct, equip and furnish a facility to manufacture aluminum livestock trailers in Story City. Mr. Smith stated the project will require Private Activity Bond Cap.

Public Hearing

Chair Lintz opened the public hearing at 11:55 a.m. regarding the issuance of an aggregate amount not to exceed \$26,000,000 in Iowa Finance Authority Economic Development Revenue Bonds for M.H. Eby, Inc. in Story City. Mr. Tramontina stated the Authority had received no verbal or written comments regarding the project. There being no verbal or written comments from the audience, Chair Lintz closed the public hearing at 11:56 a.m.

Mr. Smith introduced the authorizing resolution for \$26,000,000 in Iowa Finance Authority Economic Development Revenue Bonds for M.H. Eby, Inc. in Story City. He said the inducement resolution for this project was adopted by the Board at the December 15, 2004 meeting. Mr. Smith referred to the revised resolution distributed to the Board with the addition of a phrase on page 2 which included "or an investment banking firm as agreed to by the executive director and the borrowers."

Resolution #04-21B

MOTION: Ms. Anderson made a motion approving the authorizing resolution for \$26,000,000 in Iowa Finance Authority Economic Development Revenue Bonds for the M.H. Eby project in Story City. On a second by Mr. Adams, the Board unanimously approved resolution #04-21B.

Public Hearing for The Gables at Johnston Commons Project

Mr. Smith asked the Authority to hold a public hearing at 10:45 a.m. regarding the issuance of an amount not to exceed \$3,500,000 in Iowa Finance Authority Multifamily Housing Revenue Bonds for The Gables of Johnston Commons in Johnston. He said the bonds will be used to complete the construction of 206 units of multifamily housing. Mr. Smith said ERC Development purchased the property from the original developer and has encountered some additional costs. He stated this project will require Private Activity Bond Cap.

Public Hearing

Chair Lintz opened the public hearing at 11:57 a.m. regarding the issuance of an aggregate amount not to exceed \$3,500,000 in Iowa Finance Authority Multifamily Housing Revenue Bonds for The Gables of Johnston Commons in Johnston. Mr. Tramontina stated the Authority had received no verbal or written comments regarding the project. There being no verbal or written comments from the

audience, Chair Lintz closed the public hearing at 11:58 a.m.

Mr. Wright inquired as to when the inducement resolution was approved by the Board.

Mr. David Grossklaus of the Dorsey and Whitney Law Firm stated the inducement resolution was approved by the Board at the November 2004 meeting.

Mr. Tramontina referred to a program summary included in the Board materials which explained the Iowa Student Loan Nursing Education Loan Forgiveness Program. He said due to a surplus of unutilized bond cap, an allocation was made to the Iowa Student Loan Liquidity Corporation. Mr. Tramontina said Iowa Student Loan is partnering with the Iowa College Student Aid Commission to enable them to issue tax exempt bonds which in the next year will aid in the addition of as many as 75 nurses to the program. He stated the program provides education loan forgiveness for Nurse Educators and Registered Nurses (RN) who graduate from Iowa colleges and universities who stay and practice in Iowa. Mr. Tramontina emphasized the allocation from the Authority was unutilized bond cap and no funds were provided by the Authority for the program.

Mr. Wright inquired whether the allocation of bond cap to this program was authorized by the Board of Directors.

Mr. Tramontina stated the allocation of bond cap to the program does not require action by the Board of Directors as the Executive Director of the Authority is the Governor's designee. He explained in order to complete the carryover a specified use for the bond cap must be stated to the IRS. Mr. Tramontina stated the remainder of the bond cap may be used only for housing purposes.

HOUSING PROGRAMS

Single Family Status Delinquency, and Activity Reports

Ms. Davis referred to the written report included in the Board materials.

Ms. Davis requested Ms. Carlson introduce the resolution Re: 2005 Purchase Price and Income Limits and Servicing Premium

Resolution Re: 2005 Purchase Price and Income Limits and Servicing Release Premium

Ms. Carlson introduced the resolution and explained the resolution provides for an increase in the servicing release premium paid to FirstHome participating lenders, with the new servicing release premium being the greater of \$1,000 or 1.75% of the loan principal. She said with the recent change in loan servicer to Countrywide Mortgage, the FirstHome participating lenders are requested to assume responsibility for the credit portion of the underwriting for the FirstHome loans.

Mr. Smith stated the resolution also provides for the use of the new purchase price limits for 2005 and the new HUD income limits for the FirstHome Program as soon as such limits can be calculated upon release and subject to the Authority's receipt of confirmation from bond counsel that the proposed 2005 income limits are acceptable under the Code and applicable Treasury Regulations. He also explained the resolution allows for the use of 80% of the statewide medium income released by HUD as the income limit applicable to the FirstHome Plus Program, with this limit to be used until such time as a new limit is approved by the Board.

Mr. Adams inquired if the HUD income limit provisions affect any other programs of the Authority other than the FirstHome and FirstHome Plus programs.

Ms. Carlson stated the adoption of the HUD median income limits is only applicable to the FirstHome and FirstHome Plus programs.

Mr. Caudron commented the Service Release Premium (SRP) is not paid to the lender or the loan originator, but to the actual company marketing the FirstHome and FirstHome Plus program.

Ms. Carlson stated realtors and consumers have been identified as two groups which the Authority will address with education efforts.

A general discussion followed regarding CRA credit.

Mr. Caudron requested a six month status report for results of the SRP provided for in the resolution.

Ms. Carlson expressed her appreciation to Ms. Irene Hardisty and Mr. Joe O'Hern of the Fannie Mae Iowa Partnership office for their support and training to FirstHome lenders.

MOTION: Mr. Caudron made a motion to approve the Resolution Re: 2005 Purchase Price and Income Limits and Servicing Release Premium. On a second by Ms. Brown, the Board unanimously approved the Resolution Re: 2005 Purchase Price and Income Limits and Servicing Release Premium.

Ms. Carlson referred to the FirstHome Program Loan Summary distributed to the Board members present in person.

Ms. Carlson introduced the Single Family program staff; Ms. Karen Rasmussen, Consumer Education Specialist, Ms. Judy Hartman, Realtor/Builder Specialist, Ms. Lisa Braunschweig, Lender Relationships, and Mr. Alex Orozco, Bilingual Consumer Education Specialist.

Ms. Brown suggested Authority staff contact the Iowa Superintendent of banking to request time on their agenda for a presentation of the FirstHome and FirstHome Plus programs.

Ms. Davis requested Ms. Pope provide an overview of the Resolution Re: 2005 Home and Community Based Services Loan – Aging Services Inc.

Resolution Re: 2005 Home and Community Based Services Loan – Aging Services Inc.

Ms. Pope stated that during the 2004 legislative session a \$2 million dollar revolving loan fund was established from the Senior Living Trust for three specific purposes: to establish adult day care programs, respite care, and congregate meal sites. She said initial applications under the program were accepted on December 6, 2004 and applications under the program may be submitted at any time. Ms. Pope stated the first loan under the program is for the Milestones of Marion. She said Aging Services Inc. is the service provider, borrower, and management company. Ms. Pope explained that currently Aging Services operates the only Adult Day Health Center in Linn County, Milestones Adult Day Health Program at 1725 O Avenue NW in Cedar Rapids. She said Milestones in Cedar Rapids is an accredited program with a current waiting list of 20. Ms. Pope stated many clients attending Milestones in Cedar Rapids have to endure a lengthy trip to attend the program. She said Milestones in Marion will reduce the travel in one direction for these consumers by one to one and one half hours. Ms. Pope explained that according to a National Study of Adult Day Services funded by the Robert

Wood Johnson Foundation in 2001, Linn County could support five additional adult day centers in addition to the one existing center. She stated the loan of \$800,000 will help fund the purchase and renovation of an existing 4,342 square foot building in Marion. Ms. Pope stated no one will be denied services based on inability to pay for those services, and the program will accept third party reimbursement, including Medicaid.

Mr. Wright inquired as to the application process.

Ms. Davis briefly explained the application process and the applications that have been received to date.

Chair Lintz inquired as to the cap or limit available under the program and the underwriting criteria.

Ms. Davis stated the maximum amount available under the program is \$1 million per loan.

Ms. Pope explained the rules of the program establish a low-interest source of capital and each year an announcement is made of the percentage rate and amortization term. She said those amounts may be changed provided the proper process is followed.

MOTION: Mr. Walter made a motion to approve the Resolution Re: 2005 Home and Community Based Services Loan – Aging Services Inc in the amount of \$800,000 for a period of twenty years at a rate of 1.00% with fees in the amount of 2.8% of the loan amount. On a second by Ms. Anderson, the Board unanimously approved the Resolution Re: 2005 Home and Community Based Services Loan – Aging Services, Inc.

Mr. Tramontina inquired as to the date of the grand opening ceremony for Prime Living Apartments, an assisted living facility, located in downtown LeMars.

Ms. Fischer stated the grand opening for Prime Living Apartments has been scheduled for February 25, 2005 at 11:00 a.m.

Ms. Brown commended Ms. Pope for her work with the program.

Resolution Re: 2005 Approval of Local Housing Trust Funds

Ms. Davis introduced the Resolution Re: 2005 Approval of Local Housing Trust Funds. She said all state housing trust funds are required to be certified by the Authority Board. Ms. Davis stated after initial certification, the Housing Assistance Plan (HAP) must be updated at the time of application for funding. She said the Authority will review the approvals in connection with each application for an award from the Fund. Ms. Davis said a local housing trust applicant on the Authority's approved list may or may not meet the particular program guidelines for an award. She stated the Authority will maintain a list of approved local housing trust funds on its website. Ms. Davis listed the six organizations that have satisfied all of the requirements to be eligible to be certified as a Local Housing Trust Fund. These include Housing Trust Fund of Johnson County, Council of Governments Housing, Inc. Housing Trust Fund –City of Dubuque, Polk County Housing Trust Fund, Scott County Housing Council, and Dallas County Local Housing Trust Fund, Inc.

Mr. Wright inquired as to the certification process.

Ms. Davis stated in the affirmative and said she was extremely pleased and wanted to acknowledge the work of Mr. Tramontina and Mr. Ogle for their work on the Dallas County Local Housing Trust Fund. She said this particular organization truly meets the intent of what Authority staff had in mind in the organizing of a Local Housing Trust Fund.

Ms. Anderson inquired if the Authority was aware of other communities which may wish to form a local housing trust fund.

Ms. Davis stated in the affirmative and added Authority staff is aware of other communities that may wish to form a local housing trust fund, but no technical assistance has been requested.

MOTION: Ms. Brown made a motion to approve the Resolution Re: 2005 Approval of Local Housing Trust Funds certifying those local housing trust funds listed which have satisfied the requirement of the 2005 Allocation Plan and are therefore approved and eligible to apply for an award of funds from the Trust Fund in 2005. Those approved local housing trust funds are; Housing Trust Fund of Johnson County, Council of Governments Housing, Inc., Housing Trust Fund – City of Dubuque, Scott County Housing Council, Polk County Housing Trust Fund, and the Dallas County Local Housing Trust Fund, Inc. On a second by Mr. Wright, a vote was taken with the following results: YES: Lintz, Anderson, Brown, Caudron, Kramer, Walter, and Wright. NO: None. ABSTAIN: Adams, who stated a conflict of interest based on the involvement of his employer and a co-worker's assistance with the writing of a housing trust fund application (see attached). On a majority vote the Board approved the Resolution Re: 2005 Approval of Local Housing Trust Funds.

Ms. Fischer stated both the Iowa County Magazine and City State Magazine accepted articles from her last fall on the State Housing Trust Fund which appear in this month's issues.

TITLE GUARANTY DIVISION (TGD)

Mr. Ogle referred to the charts included in the Board materials and updated the Board on upcoming events at the Division.

Mr. Caudron requested the inclusion of the total dollar amount of Division transfers to the Authority's housing programs in the monthly report.

Chair Lintz recessed the meeting at 1:00 p.m. and reconvened the meeting at 1:15 p.m.

POLICY / LEGISLATION

Mr. Dietz referred to the handouts included in the Board materials.

COMMUNICATIONS

Ms. Monica Fischer referred to the handouts included in the Board materials.

Ms. Fischer introduced Ms. Denise Essman and Ms. Deb Stearns with Essman Research Associates. She said Essman Associates was selected during the RFP process last year to provide marketing assistance to the FirstHome and Title Guaranty programs. Ms. Fischer referred to the summary of the research plan which was included in the Board materials.

Essman Associates Research Plan Presentation

Ms. Essman said Essman Associates is very pleased to be working with the Authority on the FirstHome and Title Guaranty programs. She said Essman Associates is a full service research firm and has provided research services since the early 1980's. Ms. Essman said it is hoped both projects will be completed by the end of June. She asked Ms. Stearns, research director, to discuss the research plan in detail.

Ms. Stearns referred to the handouts included in the Board materials for the FirstHome Program. She said focus groups had been scheduled with the first two to be held in Cedar Rapids. Ms. Stearns stated the focus group will include FirstHome active lenders and borrowers. She said subsequent focus groups will include nonparticipating lenders, potential first-time home borrowers, realtors and influencer groups. Ms. Stearns discussed the project objectives for each group of participants and said program materials will be distributed at each focus group. She stated after the focus group, statistical testing, which is the quantitative research, will be done. Ms. Stearns said approximately 550 telephone interviews will be conducted with a communications audit to be completed also.

Mr. Wright inquired what would be done to contact an individual who is low- to- moderate-income and may not have a home telephone available to participate.

Ms. Stearns said low- to- moderate-income participants will be included in the random sample for their perceptions of the program.

Mr. Caudron inquired as to why no focus groups were scheduled for the western half of the state.

Ms. Stearns said the focus groups are exploratory and are used to obtain baseline information which is then used to conduct the telephone interviews.

Ms. Anderson suggested including participants in the western half of the state for their experiences as this area is not as heavily populated as other larger metropolitan areas of the state.

Ms. Fischer said adding another focus group would be discussed.

Ms. Stearns referred to the information included in the Board materials and discussed the objectives of the research plan for the Title Guaranty Program.

Mr. Adams inquired as to the costs associated with the research.

Ms. Fischer stated the Board approved an amount of up to \$50,000 with possible additional costs associated with the inclusion of another focus group.

Ms. Fischer distributed a mock up of the annual report.

A general discussion followed on the Lieutenant Governor's goal to provide 1,000 housing units by the end of 2006 for persons with disabilities and the Authority's role in reaching that goal.

MISCELLANEOUS ITEMS

Receive Comments from General Public

Chair Lintz opened the public comment period and asked if anyone in the audience would like to address the Board.

Mr. Jim Cain, Executive Director of the Iowa Coalition for Housing and the Homeless, distributed two handouts to the Board and expressed his appreciation to the Authority for assistance in acquiring two grants and also spoke on the importance of adequate funding for affordable housing.

Mr. Tramontina stated he is leaving the Authority with mixed emotions. He said he enjoyed working at the Authority and expressed how wonderful the Board and staff are. Mr. Tramontina stated uniformly the Authority has an outstanding staff. He said it is a great honor to be asked by the Governor and Lieutenant Governor to join the Department of Management.

Next Month

The next regular meeting will be held at 10:45 a.m. on Wednesday, March 2, 2005, in the Iowa Hospital Association Education Center, located on the first floor of 100 East Grand Avenue, Des Moines, Iowa.

ADJOURNMENT

There being no further business, on a motion by Mr. Caudron and a second by Mr. Walter, the February meeting of the Iowa Finance Authority Board of Directors adjourned at 2:16 p.m.

Dated this 2nd day of March, 2005.

Respectfully submitted:

Approved as to form:

Bret L. Mills
Executive Director
Iowa Finance Authority

Vincent Lintz, Chair
Iowa Finance Authority